

JUDGE COTE

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

13 CV 866

JOHNSON GALLAGHER MAGLIERY, LLC,

Plaintiff,

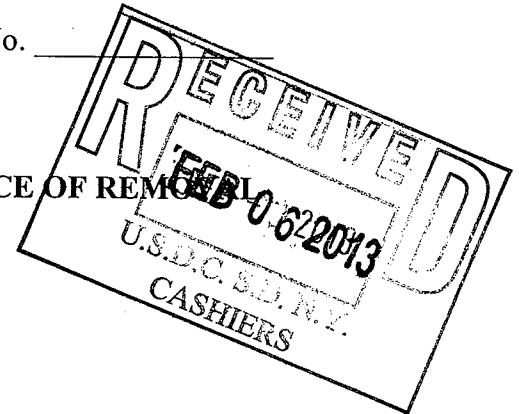
v.

THE CHARTER OAK FIRE INSURANCE  
COMPANY,

Defendant.

Case No. \_\_\_\_\_

NOTICE OF REMOVAL



Pursuant to 28 U.S.C. § 1446(a), Defendant The Charter Oak Fire Insurance Company (“Charter Oak”) files this Notice to remove the above-captioned case to this Court and, in support of removal, respectfully states as follows:

1. Charter Oak is the defendant in a civil action filed on or about January 7, 2013 in the Supreme Court of the State of New York for the County of New York, styled Johnson Gallagher Magliery, LLC v. Charter Oak Fire Insurance Company, Index No. 650056/2013 (the “State Court Action”).

2. On January 9, 2013, the Summons and Complaint were served on Charter Oak by serving the Superintendent of the Department of Financial Services of the State of New York. This Notice is thus timely filed within thirty days of service, pursuant to 28 U.S.C. § 1446(b).

3. Plaintiff Johnson Gallagher Magliery, LLC (“JGM”) is a limited liability company organized under the laws of New York, with its principal place of business at 99 Wall Street, 15th floor, New York, New York. (Complaint, ¶ 1.) Upon information and belief, Plaintiff has three partners/members: Steven D. Johnson, Peter J. Gallagher and John M.

Magliery. Upon information and belief, Steven D. Johnson is a citizen and domiciliary of the State of New York. Upon information and belief, Peter J. Gallagher is a citizen and domiciliary of the State of New York. Upon information and belief, John M. Magliery is a citizen and domiciliary of the State of New York.

4. Defendant, The Charter Oak Fire Insurance Company, is an insurance company organized and incorporated under the laws of Connecticut, with its principal place of business at One Tower Square, Hartford, Connecticut.

5. The State Court Action is an action for declaratory judgment and breach of contract under an insurance policy issued by Charter Oak to JGM. (Complaint, ¶ 6.) The Complaint alleges that Charter Oak breached the insurance policy by failing to pay JGM's insurance claim for alleged losses of business income and expenses arising from Storm Sandy. (*Id.*)

6. The amount in controversy in this action, exclusive of interest and costs, exceeds the sum of \$75,000. The Complaint seeks damages "in an amount to be determined at trial but in no case less than \$350,000." (Complaint, Prayer for Relief, ¶ (2) at p. 10.)

7. Removal of this action is proper under 28 U.S.C. § 1441(a) because this Court has original jurisdiction over the subject matter under 28 U.S.C. § 1332(a). Plaintiff and Defendant are diverse in citizenship because Plaintiff is a citizen of New York and Defendant is a citizen of Connecticut. The amount in controversy exceeds \$75,000, exclusive of interest and costs. The state court in which the State Action was brought is located within the Southern District of New York.

8. The State Court Action does not fall within any class of actions which, under applicable rules, laws, or statutes, is prevented from or limited in the right of removal.

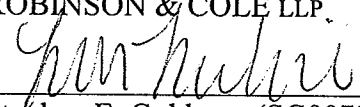
9. Pursuant to 28 U.S.C. § 1446(d), notice of the filing of this Notice of Removal will be given to all parties in the State Court Action by filing a Notice To Adverse Party Of Removal To Federal Court, along with a copy of this Notice Of Removal, in the State Court Action and by service upon Plaintiff in accordance with applicable rules.

10. Pursuant to 28 U.S.C. § 1446(a), copies of all process, pleadings and orders in the possession of Charter Oak are attached hereto as Exhibit A.

11. Charter Oak reserves the right to raise all defenses and objections in this action after the action is removed to this Court.

WHEREFORE, pursuant to the provisions of 28 U.S.C. Sections 1441 and 1446, the Defendant, Charter Oak respectfully requests that this action be removed from the Supreme Court of the State of New York and henceforth proceed in this Court.

Dated: New York, New York  
February 6, 2013

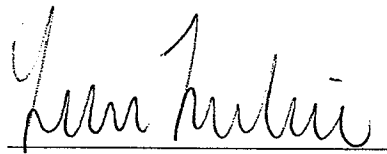
ROBINSON & COLE LLP.  
By:   
Stephen E. Goldman (SG9079)  
E-mail: sgoldman@rc.com  
Wystan M. Ackerman (WA8267)  
E-mail: wackerman@rc.com  
Laura A. Torchio (LT1983)  
E-mail: ltorchio@rc.com  
280 Trumbull Street  
Hartford, CT 06103  
(860) 275-8200

Attorneys for Defendant  
The Charter Oak Fire Insurance Company

**CERTIFICATE OF SERVICE**

I, Laura A. Torchio, hereby certify that on this 6<sup>th</sup> day of February, 2013, I caused a true copy of the foregoing Notice of Removal to be served by first-class mail, postage prepaid, upon the following:

Peter J. Gallagher  
John M. Magliery  
Derek McNally  
Johnson Gallagher Magliery LLC  
99 Wall Street, 15<sup>th</sup> Floor  
New York, NY 10005

A handwritten signature in cursive script, appearing to read "Laura Torchio", is written over a horizontal line.

Laura A. Torchio

**Index of New York Supreme Court State Documents**

<b>Document Name</b>	<b>Date Filed</b>
Summons and Complaint with Exhibits	1/7/2013
Affidavit of Service	1/16/2013

# **EXHIBIT A**



NEW YORK STATE  
DEPARTMENT of  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Benjamin M. Lawsby  
Superintendent

STATE OF NEW YORK

Supreme Court, County of NEW YORK

Johnson Gallagher Magliery, LLC

Plaintiff(s)

650056/2013

against

Defendant(s)

Charter Oak Fire Insurance Company

RE :Charter Oak Fire Insurance Company

Attorney for Plaintiff(s) and Defendant(s) please take notice as follows:

Attorney for Plaintiff(s) is hereby advised of acknowledgement of service upon this Department Summons and Complaint in the above entitled action on January 09, 2013 at New York, New York. The \$ 40.00 fee is also acknowledged.

Original to Attorney for Plaintiff(s):

Johnson Gallagher Magliery LLC  
99 Wall Street  
15th Floor  
New York, New York 10005

Persuant to the requirement of section 1212 of the Insurance Law, Defendant(s) is hereby notified of service as effected above. A copy of the paper is enclosed..

Duplicate to Defendant:

Corporation Service Company  
Charter Oak Fire Insurance Company  
80 State Street  
Albany, New York 12207-2543

*Jacqueline Catalfamo*

Jacqueline Catalfamo  
Special Deputy Superintendent

Dated Albany, New York, January 11, 2013  
523261

**SUPREME COURT OF THE STATE OF NEW YORK**  
**COUNTY OF New York**

Johnson Gallagher Magliery LLC

Plaintiff/Petitioner,

- against -

Charter Oak Fire Insurance Company d/b/a  
Travelers Insurance

Defendant/Respondent.

Index No. 650056/2013

**NOTICE OF COMMENCEMENT OF ACTION**  
**SUBJECT TO MANDATORY ELECTRONIC FILING**

PLEASE TAKE NOTICE that the matter captioned above, which has been commenced by filing of the accompanying documents with the County Clerk, is subject to mandatory electronic filing pursuant to Section 202.5-bb of the Uniform Rules for the Trial Courts. This notice is being served as required by Subdivision (b) (3) of that Section.

The New York State Courts Electronic Filing System ("NYSCEF") is designed for the electronic filing of documents with the County Clerk and the court and for the electronic service of those documents, court documents, and court notices upon counsel and self-represented parties. Counsel and/or parties who do not notify the court of a claimed exemption (see below) as required by Section 202.5-bb(e) must immediately record their representation within the e-filed matter on the Consent page in NYSCEF. Failure to do so may result in an inability to receive electronic notice of document filings.

Exemptions from mandatory e-filing are limited to: 1) attorneys who certify in good faith that they lack the computer equipment and (along with all employees) the requisite knowledge to comply; and 2) self-represented parties who choose not to participate in e-filing. For additional information about electronic filing, including access to Section 202.5-bb, consult the NYSCEF website at [www.nycourts.gov/efile](http://www.nycourts.gov/efile) or contact the NYSCEF Resource Center at 646-386-3033 or [efile@courts.state.ny.us](mailto:efile@courts.state.ny.us).

Dated: 1/7/2013

*John Magliery*

(Signature)

John Magliery

(Name)

Johnson Gallagher Magliery LLC

(Firm Name)

99 Wall Street, 15th Floor (Address)  
New York, New York 10015

212-248-2220 (Phone)

jmagliery@jgmlaw.com (E-Mail)

To: Charter Oak Fire Ins.  
Co., dba Travelers Ins.  
One Tower Square  
Hartford, CT 06183



FILED: NEW YORK COUNTY CLERK 01/07/2013

NYSCEF DOC. NO. 1

INDEX NO. 650056/2013

RECEIVED NYSCEF: 01/07/2013

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

JOHNSON GALLAGHER MAGLIERY, LLC

Plaintiff,

-against-

CHARTER OAK FIRE INSURANCE COMPANY d/b/a  
TRAVELERS INSURANCE,

Defendant.

Index No. 650056 / 2013

SUMMONS

TO THE ABOVE NAMED DEFENDANT:

YOU ARE HEREBY SUMMONED to answer the complaint in this action, or to serve a notice of appearance, if the complaint is not served with this summons, within twenty (20) days after the service of this summons, exclusive of the day of service, or within thirty (30) days after service is complete if this summons is not personally delivered to you within the State of New York. In case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

Dated: New York, New York  
January 7, 2013

JOHNSON GALLAGHER MAGLIERY LLC

By: Derek McNally  
Peter J. Gallagher  
John M. Magliery  
Derek McNally  
99 Wall Street - 15th Floor  
New York, New York 10005  
Telephone: (212) 248-2220  
Pro Se

TO: Charter Oak Fire Insurance Company d/b/a Travelers Insurance  
One Tower Square  
Hartford, Connecticut 06183  
c/o New York State Department of Financial Services  
25 Beaver Street, 4th Floor  
New York, New York 10025

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

JOHNSON GALLAGHER MAGLIERY, LLC

Plaintiff,

-against-

CHARTER OAK FIRE INSURANCE COMPANY d/b/a  
TRAVELERS INSURANCE,

Defendant.

Index No. 650056/2013

COMPLAINT

Plaintiff Johnson Gallagher Magliery LLC ("JGM"), as and for its complaint against defendant Charter Oak Fire Insurance Company d/b/a Travelers Insurance ("Travelers"), alleges as follows:

Parties

1. Plaintiff JGM is a small New York law firm that has been in existence since 2004, with offices, for the past six years, located at 99 Wall Street, New York, New York 10005, in the Financial District of New York City. JGM's office building is separated from the East River by only one other building, and is in an area heavily impacted by Hurricane Sandy in October and November 2012. JGM has eight attorneys and six other employees. JGM focuses its practice on commercial litigation.

2. Upon information and belief, defendant Travelers is a corporation organized under the laws of the State of Connecticut having its principal place of business in Hartford, Connecticut. At all relevant times, Travelers was in the business of selling insurance.

3. Upon information and belief, at all relevant times, Travelers was licensed by the Department of Insurance of the State of New York and authorized to issue insurance in the State of New York.

Jurisdiction and Venue

4. This Court has personal jurisdiction over Travelers pursuant to CPLR § 301 and CPLR § 302, as Travelers is licensed to do business in New York, and is in fact doing business within the State, and contracts for issuance of insurance policies within the State.

5. Venue is proper in this district pursuant to CPLR § 503(a) because JGM is located in New York County.

Nature of the Action

6. JGM brings this action to redress Traveler's wrongful and bad faith refusal to honor its contractual insurance and indemnity obligations to JGM resulting from the extensive damages JGM has suffered in connection with Hurricane Sandy and its aftermath. Though JGM has dutifully paid years' worth of insurance premiums for its general commercial insurance policy, Travelers has failed and refused to honor its insurance policy just when JGM needs the very coverage for which it contracted, as a result of a historic and unprecedented storm in New York City. Despite the fact that Travelers has absolutely no good faith basis to refuse JGM insurance coverage for the property damages and loss of business income that JGM has suffered, Travelers has declined to provide coverage in breach of its contractual obligations under policy number IO680-6290B676 (the "Policy") and in bad faith violation of its duties to adequately investigate and to pay covered claims.

Factual Allegations

Hurricane Sandy

7. Hurricane Sandy was a monumentally severe hurricane which devastated portions of the northeastern United States in late October 2012. One of the hardest hit areas was New York City's Financial District, which is where JGM's offices are located.

8. Even before the hurricane struck New York City, on October 29 and 30, 2012, New York City issued a fiat mandatory evacuation order for "Zone A," in which JGM's offices are located, beginning at 7 p.m. on October 28, 2012. Accordingly, JGM's attorneys and staff were legally prohibited from entering JGM's offices.

9. JGM's offices, only several hundred feet from the East River, sustained physical damage during the storm, including, *inter alia*, damage that was caused when the hurricane winds blew out several windows in JGM's offices, wrecking furniture, destroying files, and saturating rugs and furniture.

10. Moreover, an enormous swath of Manhattan was without electrical power for a period following the storm. Electrical power to Lower Manhattan and, specifically, to JGM's office building, was not functioning for a period even longer than the power outage that affected Manhattan generally.

11. JGM was unable to occupy its offices from October 28, 2012, the day that the evacuation order was issued, through January 7, 2012, the date that all building services that allow the functioning of a law firm were fully restored at JGM's office building. In addition to the damage caused to JGM's offices by the wind, JGM was unable to occupy its offices for the following reasons: (i) there was a mandatory evacuation order (Mayoral Executive Order 163) in effect for the so-called Zone A of Manhattan from October 28, 2012 until November 16, 2012,

when the New York City Department of Buildings determined the building where JGM's offices are located could be safely re-occupied (Mayoral Executive Order 165); (ii) employees could not travel to JGM's offices because New York City public transportation was shut down; (iii) there was no electricity in the offices; (iv) there was no heat in the offices; (v) there was no elevator service to the offices, which are located on the 14<sup>th</sup> and 15<sup>th</sup> floors; and (vi) there was no internet or phone service to the offices.

12. JGM's inability to occupy its offices caused dramatic disruption to JGM's business and loss of income. For over a week following the storm, JGM's revenue-generating personnel – the only source of income for the law firm – were unable to do virtually any work at all. Not only were they unable to occupy the JGM offices or move around the city, they could not even work remotely from their homes because (i) many employees, like so much of Manhattan, lost power in their homes following the explosion of a Con Ed substation on the night of the storm and (ii) the firm's computer servers, which are critical to JGM's business functioning, also did not have electrical power.

13. Once the situation in Manhattan had improved somewhat, JGM sought to minimize the disruption to its business by renting small temporary offices from which a skeletal support staff could work, and at which JGM's computer servers would be hosted. Though the use of these temporary offices, together with the ability of its lawyers to work remotely from their homes once power was restored, mitigated some of the income that JGM lost because it was displaced from its offices, this arrangement was not an adequate substitute for JGM's usual offices and JGM's ability to generate income has dropped sharply and as a direct result of its inability to occupy its offices and the physical separation of its lawyers.

14. JGM also suffered damage to its valuable papers and other property from sewage and water back up in the basement of 99 Wall Street. The sewage backup was so severe that JGM was forced to hire vendors that specialized in the removal of property damaged by sewage to dispose of JGM's damaged property from the basement.

15. In addition to physical damage to its offices, and business interruption, JGM has also incurred and paid substantial out-of-pocket expenses as a result of the events described above, including the cost of renting the temporary offices, the hiring of technical personnel to relocate its servers and make them active, and hiring a company to dispose of sensitive legal papers that were destroyed during the storm – along with the costs of reversing the process to bring its offices back to functioning order once the building services were restored at JGM's office building.

#### The Policy

16. The Policy covers JMG for a wide range of losses sustained as a result of damage to its offices, including the loss of income, expenses incurred as a result of the damage, and property damage.

17. With respect to lost income, the Policy requires Travelers to pay JGM for lost income it sustains for a period up to a 12-month maximum due to the necessary "suspension" of JGM's "operations," with "suspension" defined as either the "partial or complete cessation" of JGM's business activities or when "a part or all of the described premises [*i.e.*, JGM's offices] is rendered untenable" (Paragraph G.28). By virtue of an extension provided for in the Lawyers Endorsement (MP T9 91 03 06) purchased by JGM (discussed below), the period of coverage for lost business income continues for 90 days after JGM's business activities are no longer considered "suspended." (Lawyers Endorsement A.1.)

18. As for expenses, the Policy covers "Extra Expense" incurred by JGM during the "period of restoration" including, among other things, expenses to minimize the "suspension of business" and to continue "operations" at the premises or at temporary locations (Paragraph A.3.b.)

19. JGM also purchased "Additional Coverages" in the amount of \$25,000 per any one occurrence. This Additional Coverage included, among other things, "Debris Removal" (Paragraph A.6.c), pursuant to which Travelers agreed to pay the expenses of removing covered property from the premises; and "Expediting Expenses" (Paragraph A.6.e), pursuant to which Travelers agreed to pay the additional expenses incurred by JGM to sustain its operations during the period of restoration such as, for example, expenses JGM incurred to move its server in order to continue its operations.

20. Under the terms of the Policy, JGM is entitled to all of these types of coverage unless one of the exclusions enumerated in the Policy applies, as is not the case here. Indeed, the Policy states specifically that there will be coverage for losses caused by "Civil Authority" (nomenclature which would include the Mayoral Executive Orders) and "Service Interruption" caused by a "breakdown" of equipment owned, operated or controlled by a local public or private utility or distributor, language that would include losses attributable to the Con Ed explosion, the loss of internet connection, and the shutdown of New York City's public transportation system. (Paragraph A.7.i.(c).)

21. JGM also purchased a "Lawyers Endorsement" (MP T9 91 03 06) from Travelers, which provides, among other things, for a \$25,000 extension to JGM's Business Income and Extra Expense coverage caused by the interruption of service to the premises as the result of damage to "Power Supply Services" (Paragraph A.7.(d)). "Power Supply Services"

include utility generating plants, switching stations, substations, transformers and transmission lines.

22. JGM also procured extra protection from Travelers in the form of a Sewer or Drain Back Up Extension (MP T3 06 02 07), which provides for an additional \$50,000 of extended coverage for loss or damage to property at the described premises caused by sewage or water back up or overflow (Paragraph 1). Damage to JGM's valuable work papers was caused in part by a sewage back up at the described premises.

23. Other provisions of the Policy not mentioned here provide further and additional insurance coverage to JGM. A copy of the relevant sections of the Policy are attached hereto as Exhibit A and incorporated herein by reference.

24. JGM paid all premiums owed to Travelers and has otherwise fulfilled all of its obligations under the Policy. JGM timely made a claim for the losses described herein on October 30, 2012. By letter dated December 3, 2012, Travelers declined coverage, claiming that all of JGM's damages – the wind damage, the loss of use of JGM's offices, the loss of electricity, the loss of computer systems, the business interruption, and the sewage back-up – were caused not by civil order or by a storm, but by flooding and thus, according to Travelers, excluded from coverage. A copy of the Traveler's denial of coverage letter is attached hereto as Exhibit B.

25. Traveler's declination is improper as it rests on an overly expansive interpretation of the pertinent contract language and, in any event, because JGM's damages were caused by a host of factors other than flooding, including those for which the Policy states explicitly there is coverage.

26. Furthermore, Travelers' delay of over 30 days in providing its denial of coverage letter to JGM was unreasonable, especially given the fact that Travelers was aware of



the urgent and desperate situation that JGM, like many other Manhattan businesses, particularly the small ones, found themselves in the days and weeks following the storm.

**FIRST CAUSE OF ACTION**  
**Declaratory Judgment**

27. JGM incorporates by reference as though fully set forth herein the foregoing allegations of the Complaint.

28. Based on the foregoing, JGM contends that is entitled to coverage for its Claim under the Policy.

29. Travelers has denied JGM coverage for its Claim under the Policy.

30. JGM and Travelers disagree as to the scope of coverage afforded by the Policy with respect to JGM's Claim.

31. An actual justiciable controversy exists between JGM and Travelers with respect to the parties' respective rights and obligations under the Policy.

32. There is no adequate remedy at law.

33. Based on the foregoing, JGM requests a declaration that the Claim is covered under the Policy.

**SECOND CAUSE OF ACTION**  
**Breach of Contract and Bad Faith Denial of Coverage**

34. JGM incorporates by reference as though fully set forth herein the foregoing allegations of the Complaint.

35. The Policy is a binding and enforceable agreement between JGM and Travelers.

36. Pursuant to the terms of the Policy, Travelers is contractually obligated to cover JGM's losses as set forth in the Claim.

37. JGM has fulfilled all of its obligations under the Policy.

38. Traveler's denial of coverage for the Claim is a breach of the Policy.

39. Moreover, Travelers has declined coverage of the Claim in bad faith and without any reasonable basis in law or fact.

40. Travelers unreasonably, inadequately and improperly investigated JGM's Claim.

41. By not thoroughly investigating the Claim, Travelers violated applicable statutory and regulatory provisions governing the insurance business as well as applicable ethical standards governing the conduct of insurance companies.

42. Such statutory and regulatory provisions exist to protect JGM and businesses across New York from unreasonable and unethical denials of insurance coverage where, as here, the insurance company is faced with the devastating consequences of covered loss.

43. Neither Travelers, nor any other insurance company, should be allowed to deny coverage to thousands of New Yorkers who purchased insurance in order to keep their businesses viable under the extraordinary circumstances that existed, and continue to exist, as the result of Hurricane Sandy.

44. As the result of Travelers breach and bad faith denial of coverage, JGM has been damaged, and continues to be damaged, in amount to be determined at trial but not less than \$250,000.00. JGM has also incurred consequential damages, attorney fees and expenses to prosecute this action to recover amounts due under the Policy due to Travelers bad faith denial of coverage.

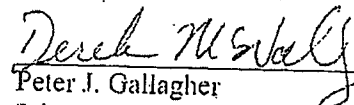
WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- 1) A declaration of the respective rights, duties and obligations of the parties under the Policy with respect to the Claim;
- 2) Damages in an amount to be determined at trial but in no case less than \$350,000;
- 3) Costs and fees, including reasonable attorneys' fees, of this action; and
- 4) Such other and further relief as this Court deems just and proper.

Dated: New York, New York  
January 7, 2013

JOHNSON GALLAGHER MAGLIERY LLC  
*pro se*

By:



Peter J. Gallagher  
John M. Magliery  
Derek McNally

99 Wall Street - 15th Floor  
New York, New York 10005  
Telephone: (212) 248-2220  
Facsimile: (212) 248-0170  
*Pro Se*

# **EXHIBIT A**



December 27, 2011

Marilynn Bell-Harris  
**Johnson Gallagher Magliery, LLC**  
 99 Wall Street, 15<sup>th</sup> Floor  
 New York, NY 10005

**RE: The Charter Oak Fire Insurance Company**  
**Policy No: I-680-6290B676-COF-11**

Dear Ms. Bell Harris:

We are pleased to enclose your renewal **COMMERCIAL PACKAGE** certificate covering **Johnson Gallagher Magliery, LLC** for the period effective December 22, 2011 to December 22, 2012. Please attach this certificate to the original policy sent to you previously.

Please take a few minutes to review your policy to insure that the information contained is correct. For your convenience, the following is a brief coverage summary. This is only a highlight of policy coverage and does not address all limitations and exclusions which may apply. For complete coverage information, it is necessary to refer to the actual policy.

**99 Wall Street, New York, NY 10005**

<b>BUSINESS PROPERTY</b>	\$1,000 Deductible per Claim	\$528,604 Limit
Special Form, Replacement Cost – Includes Improvements & Betterments		
<b>ELECTRONIC DATA PROCESSING</b>	\$1,000 Deductible per Claim	\$100,000 Limit
<b>FINE ARTS</b>	\$1,000 Deductible per Claim	\$ 50,000 Limit
(Art Owned by Johnson Gallagher Magliery, LLC ONLY)		
<b>SEWER OR DRAIN BACKUP</b>	\$1,000 Deductible per Claim	\$ 50,000 Limit
<b>BUSINESS INCOME &amp; EXTRA EXPENSE</b>		Actual Loss Sustained 12 Month Maximum
<b>VALUABLE PAPERS</b>	\$1,000 Deductible per Claim	\$ 25,000 Limit
<b>EMPLOYEE DISHONESTY</b>	\$1,000 Deductible per Claim	\$ 50,000 Limit
<b>FORGERY OR ALTERATION</b>	\$1,000 Deductible per Claim	\$ 50,000 Limit



Page 2 of 3

Johnson Gallagher Magliery, LLC

December 27, 2011

Please review your limits to insure they are adequate to cover your exposure.

The Liability portion of this policy covers \$1,000,000 per occurrence, with an annual aggregate of \$2,000,000. This aggregate means that the company will pay out no more than \$2,000,000 under this policy, regardless of the number of claims. **Higher Limits of liability are available and recommended.**

Increasing your Liability limits from \$1,000,000/\$2,000,000 to \$2,000,000/\$4,000,000 would generate a small Additional Premium .. Please review and advise if you would like us to make any changes to your policy.

U.S. Bancorp OEFS is listed as Loss Payee with respect to the leased Toshiba Copier. Claremont 99 Wall LLC is listed as Additional Insured – Managers or Lessors of Premises. Please advise if Certificates of Insurance are required.

Among the policy EXCLUSIONS are: Professional Liability; Employment Related Practices\*; Unsolicited Communications; Mobile Equipment Excluding Vehicles Subject to Motor Vehicle Law; Discrimination; War; Professional Services – Legal Services; Asbestos; IRC Violations; Loss Due to Virus or Bacteria or Nuclear Energy Liability.

Employee Benefits Liability is included with limits of \$1,000,000 Each Employee with a \$1,000,000 Aggregate. Coverage for Employee Benefits Liability is written on a CLAIMS MADE BASIS which means that coverage applies only to claims made against you during the policy period and any applicable extended reporting period. The retroactive date is 12/22/08.

We recommend that you have written procedures in place for anyone working for your firm, or on the firm's behalf, to notify my office in the event of a claim or potential claim so that we can promptly put Westport on Notice. Please refer to the actual policy for obligations in the event of a claim or potential claim.

The premium for this policy will be billed to you directly by Travelers in installments. Please remit your payments directly to Travelers in accordance with their billing schedule to insure continuous coverage.

Recent court cases have stressed the policy requirements of prompt notification of a claim to the Insurance Company. Please contact our office immediately, with full details if a claim or potential claim occurs.



Page 3 of 3

**Johnson Gallagher Magliery, LLC**

December 27, 2011

Should you have any questions, please do not hesitate to contact our office. We thank you for the opportunity to provide this insurance protection, and we invite you to visit our web site [www.HonigConte.com](http://www.HonigConte.com) to see all of the other services we provide.

Very truly yours,

A handwritten signature in black ink, appearing to read "Barbara Korn", is written over a horizontal line.

BARBARA KORN



129 West 27th Street • 6th Floor • New York, NY 10001-6206  
tel (212) 777-7113 • fax (212) 228-9503  
web www.honigconte.com



**Report Claims Immediately by Calling\***  
**1-800-238-6225**

*Speak directly with a claim professional  
24 hours a day, 365 days a year*

\*Unless Your Policy Requires Written Notice or Reporting

## **OFFICE PAC**

**ATTORNEYS OFFICES**



**A Custom Insurance Policy Prepared for:**

**JOHNSON GALLAGHER MAGLIERI LLC  
99 WALL STREET  
15TH FLOOR  
NEW YORK**

**NY 10005**

**Presented by: HONIG CONTE PORRINO INS**



**TRAVELERS**

One Tower Square, Hartford, Connecticut 06183

**RENEWAL CERTIFICATE**

**COMMON POLICY DECLARATIONS**  
**OFFICE PAC**  
**BUSINESS: LAWYER**

**POLICY NO.:** I-680-62908676-COF-11  
**ISSUE DATE:** 11-18-11

**INSURING COMPANY:**  
**THE CHARTER OAK FIRE INSURANCE COMPANY**

**1. NAMED INSURED AND MAILING ADDRESS:**

JOHNSON GALLAGHER MAGLIERY LLC  
 99 WALL STREET  
 15TH FLOOR  
 NEW YORK NY 10005

**2. POLICY PERIOD:** From 12-22-11 to 12-22-12 12:01 A.M. Standard Time at your mailing address.

**3. LOCATIONS:**

<b>PREM. NO.</b>	<b>BLDG. NO.</b>	<b>OCCUPANCY</b>	<b>ADDRESS (same as Mailing Address unless specified otherwise)</b>
01	01	LAWYER	99 WALL STREET NEW YORK NY 10005

**4. COVERAGE PARTS AND SUPPLEMENTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:**

**COVERAGE PARTS AND SUPPLEMENTS**  
 Businessowners Coverage Part

**INSURING COMPANY**  
 COF

**5. The COMPLETE POLICY** consists of this declarations and all other declarations, and the forms and endorsements for which symbol numbers are attached on a separate listing.

**6. SUPPLEMENTAL POLICIES:** Each of the following is a separate policy containing its complete provisions.

<b>POLICY</b>	<b>POLICY NUMBER</b>	<b>INSURING COMPANY</b>
---------------	----------------------	-------------------------

**DIRECT BILL**

**7. PREMIUM SUMMARY:**

Provisional Premium	\$	3,808.00
Due at Inception	\$	
Due at Each	\$	

**NAME AND ADDRESS OF AGENT OR BROKER**

**COUNTERSIGNED BY:**

HONIG CONTE PORRINO INS FY621  
 129 WEST 27TH ST 6TH FLR  
 NEW YORK NY 10001

\_\_\_\_\_  
 Authorized Representative

**DATE:** \_\_\_\_\_

**IL TO 25 08 01 (Page 1 of 02)**

Office: NEW YORK

DOWN

**TRAVELERS**

One Tower Square, Hartford, Connecticut 06183

**BUSINESSOWNERS COVERAGE PART DECLARATIONS**

OFFICE PAC

POLICY NO.: I-680-6290B676-COF-11

ISSUE DATE: 11-18-11

**INSURING COMPANY:**

THE CHARTER OAK FIRE INSURANCE COMPANY

**POLICY PERIOD:**

From 12-22-11 to 12-22-12 12:01 A.M. Standard Time at your mailing address.

FORM OF BUSINESS: LLC

**COVERAGES AND LIMITS OF INSURANCE:** Insurance applies only to an item for which a "limit" or the word "included" is shown.

**COMMERCIAL GENERAL LIABILITY COVERAGE**

OCCURRENCE FORM	LIMITS OF INSURANCE	
General Aggregate (except Products-Completed Operations Limit)	\$	2,000,000
Products-Completed Operations Aggregate Limit	\$	2,000,000
Personal and Advertising Injury Limit	\$	1,000,000
Each Occurrence Limit	\$	1,000,000
Damage to Premises Rented to You	\$	300,000
Medical Payments Limit (any one person)	\$	5,000

**BUSINESSOWNERS PROPERTY COVERAGE**

**DEDUCTIBLE AMOUNT:** Businessowners Property Coverage: \$ 1,000 per occurrence.  
 Building Glass: \$ 1,000 per occurrence.

**BUSINESS INCOME/EXTRA EXPENSE LIMIT:** Actual loss for 12 consecutive months

**Period of Restoration-Time Period:** Immediately

**ADDITIONAL COVERAGE:**

Fine Arts: \$ 50,000

Other additional coverages apply and may be changed by an endorsement. Please read the policy.

**SPECIAL PROVISIONS:**

**COMMERCIAL GENERAL LIABILITY COVERAGE  
 IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

MP TO 01 02 05 (Page 1 of 03)

BUSINESSOWNERS PROPERTY COVERAGE

PREMISES LOCATION NO.: 01

BUILDING NO.: 01

COVERAGE	LIMIT OF INSURANCE	VALUATION	COINSURANCE	INFLATION GUARD
BUSINESS PERSONAL PROPERTY \$ *Replacement Cost	528,604	RC*	N/A	0.0%

COVERAGE EXTENSIONS:

Accounts Receivable	\$	25,000
Valuable Papers	\$	25,000

Other coverage extensions apply and may be changed by an endorsement. Please read the policy.



**TRAVELERS**

**TAXES AND SURCHARGES**  
OFFICE PAC

PAC

**POLICY NO.:** I-680-62908676-COF-11  
**EFFECTIVE DATE:** 12-22-11  
**ISSUE DATE:** 11-18-11

**DESCRIPTION:**

**AMOUNT**

NEW YORK FIRE INSURANCE FEE

\$ 15.28



**OFFICE:** NEW YORK  
**PRODUCER NAME:** HONIG CONTE PORRINO INS

POLICY NUMBER: I-680-6290B676-COF-11

EFFECTIVE DATE: 12-22-11

ISSUE DATE: 11-18-11

## LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS  
BY LINE OF BUSINESS.

* IL TO 25 08 01	RENEWAL CERTIFICATE
* MP TO 01 02 05	BUSINESSOWNERS COVERAGE PART DECS
* IL T8 01 01 01	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T3 15 09 07	COMMON POLICY CONDITIONS

## BUSINESSOWNERS

* CP 12 18 06 95	LOSS PAYABLE PROVISIONS
* MP T1 30 02 05	TBL OF CONT-BUSINESSOWNERS COV-DELUXE
MP T1 02 02 05	BUSINESSOWNERS PROPERTY COV-SPEC FORM
MP T1 05 02 05	AMENDATORY PROVISIONS-OFFICES
MP T5 30 03 10	FUNGUS, WET/DRY ROT CHGS-NY
* MP T3 06 02 07	SEWER OR DRAIN BACKUP EXTENSION
MP T3 25 01 08	TERRORISM RISK INS ACT OF 2002 NOTICE
* MP T3 34 02 05	ELECTRONIC DATA PROCESSING ENDORSEMENT
MP T3 50 11 06	EQUIP BREAKDOWN SERV INTERRUPTION LIM
MP T3 56 02 08	AMENDATORY PROVISIONS-GREEN BLD
MP T9 91 03 06	LAWYERS ENDORSEMENT
* MP T1 55 02 05	AMEND EMPLOYEE DISHONESTY LIMIT
* MP T5 45 11 10	NEW YORK CHANGES

## COMMERCIAL GENERAL LIABILITY

CG TO 34 11 03	TABLE OF CONTENTS
CG 00 01 10 01	COMMERCIAL GENERAL LIABILITY COV FORM
CG D2 54 01 05	AMEND OF COV PERS/ADV INJURY LIABILITY
CG D2 55 11 03	AMENDMENT OF COVERAGE - POLLUTION
CG D3 09 11 03	AMEND ENDT-PRODUCTS-COMPLETED OPR HAZARD
* CG 20 11 01 96	ADD'L INS-MANAGERS OR LESSORS OF PRM
CG 21 70 01 08	CAP ON LOSSES-CERTIFIED ACTS-TERRORISM
CG D0 37 04 05	OTHER INSURANCE-ADDITIONAL INSURED
CG D1 05 04 94	BLANKET ADDL INSD-OWNERS/LESSEES/CONT
* CG D4 13 04 08	AMENDMENT OF COVERAGE-COOLING-POLLUTION
* MP T1 25 11 03	HIRED AUTO AND NON-OWNED AUTO LIAB
CG D2 56 11 03	AMENDMENT OF COVERAGE
CG D2 88 11 03	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG D3 26 01 04	EXCLUSION-UNSOLICITED COMMUNICATIONS
CG D3 56 01 05	MOBILE EQUIP/EXCL VEHICLES SUB TO MV LAW
CG D1 42 01 99	EXCLUSION-DISCRIMINATION
CG D2 42 01 02	EXCLUSION WAR
CG D3 37 02 05	PROFESSIONAL SERVICES EXCL-LEGAL SERVICE
CG T4 78 02 90	EXCLUSION-ASBESTOS
* CG F2 63 08 11	NEW YORK CHGS-CGL COVERAGE FORM
CG 26 21 10 91	NY CHANGES-TRANSFER OF DUTIES

\* TEXT IN THIS FORM HAS CHANGED, OR THE FORM WAS NOT ON POLICY BEFORE.

POLICY NUMBER: I-680-6290B676-COF-11

EFFECTIVE DATE: 12-22-11

ISSUE DATE: 11-18-11

EMPLOYEE BENEFITS LIABILITY

\* CG TO 09 09 93 EMPLOYEE BENEFITS LIAB COV PART DEC  
CG TO 43 11 88 EMPLOYEE BENEFITS LIAB TABLE OF CONTENTS  
CG T1 01 07 86 EMPLOYEE BENEFITS LIABILITY COV FORM  
CG T5 30 06 89 AMENDMENT-EBL  
CG D0 38 03 95 EXCLUSION-IRC VIOLATIONS  
CG T4 85 11 88 ADDITIONAL EXCLUSION-EBL  
CG T9 14 09 87 NY-AMENDATORY ENDORSEMENT-EBL

MULTIPLE SUBLINE ENDORSEMENTS

C = COMMERCIAL GENERAL LIABILITY  
E = EMPLOYEE BENEFITS LIABILITY  
L = LIQUOR LIABILITY

CG 01 04 12 04 NEW YORK CHANGES-PREMIUM AUDIT (C, L)

INTERLINE ENDORSEMENTS

IL F0 63 06 07 NY EXCL OF LOSS DUE TO VIRUS OR BACTERIA  
IL T3 79 01 08 CAPS ON LOSSES FROM CERT ACTS OF TERROR  
IL 00 23 07 02 NUCLEAR ENERGY LIABILITY EXCLUSION ENDT  
IL 01 83 08 08 NEW YORK CHANGES - FRAUD  
\* IL 02 68 01 11 NEW YORK CHGS-CANCELLATION & NONRENEWAL

\* TEXT IN THIS FORM HAS CHANGED, OR THE FORM WAS NOT ON POLICY BEFORE.

**BUSINESSOWNERS**





**BUSINESSOWNERS**



**TRAVELERS**

One Tower Square, Hartford, Connecticut 06183

**SPECIAL PROVISIONS:**  
**LOSS PAYEE:**

**POLICY NO.:** I-680-6290B676-COF-11  
**ISSUE DATE:** 11-18-11

**PREMISES  
LOCATION  
NUMBER**

**BUILDING  
NUMBER**

**LOSS PAYEE  
NAME AND MAILING ADDRESS**

01

01

U.S. BANCORP DEFS

1310 MADRID STREET

SUITE 101

MARSHALL

MN 56258



POLICY NUMBER: I-680-62908676-COF-11

COMMERCIAL PROPERTY  
ISSUE DATE: 11-18-11**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 BUILDERS' RISK COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
 STANDARD PROPERTY POLICY

**SCHEDULE**

Prem. No.	Bldg. No.	Description of Property	Loss Payee (Name & Address)
01	01	LEASED TOSHIBA COPIER VALUED @ \$18,000	U.S. BANCORP OEFS  1310 MADRID STREET SUITE 101 MARSHALL MN 56258

	Loss Payable	Lenders Loss Payable	Contract of Sale
<b>Provisions Applicable:</b>	<b>X</b>		
<p><b>A.</b> When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.          The following is added to the LOSS PAYMENT Loss Condition, as indicated in the Declarations or by an "X" in the Schedule:</p>			
<p><b>B. LOSS PAYABLE</b>          For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:</p> <ol style="list-style-type: none"> <li>1. Adjust losses with you; and</li> <li>2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.</li> </ol>			
<p><b>C. LENDER'S LOSS PAYABLE</b></p> <ol style="list-style-type: none"> <li>1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:             <ol style="list-style-type: none"> <li>a. Warehouse receipts;</li> <li>b. A contract for deed;</li> <li>c. Bills of lading;</li> <li>d. Financing statements; or</li> <li>e. Mortgages, deeds of trust, or security agreements.</li> </ol> </li> <li>2. For Covered Property in which both you and a Loss Payee have an insurable interest:             <ol style="list-style-type: none"> <li>a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear</li> <li>b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property</li> <li>c. If we deny your claim because of your acts or because you have failed to comply with terms of the Coverage Part the Loss Payee will still have the right to receive loss payment if the Loss Payee:</li> </ol> </li> </ol>			

## COMMERCIAL PROPERTY

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
  - a. 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

**D. CONTRACT OF SALE**

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
  - a. Adjust losses with you; and
  - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interest may appear.
3. The following is added to the OTHER INSURANCE Condition:  
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

## TABLE OF CONTENTS

**BUSINESSOWNERS COVERAGE PART  
DELUXE PLAN**

The following indicates the contents of the principal forms which may be attached to your policy. It contains no reference to the Declarations or Endorsements which also may be attached.

**BUSINESSOWNERS PROPERTY COVERAGE  
SPECIAL FORM MP T1 02**

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## BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph G – PROPERTY DEFINITIONS.

### A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss.

#### 1. Covered Property

Covered Property, as used in this Coverage Form, means the type of property described in this Paragraph A.1., and limited in Paragraph A.2.; Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

##### a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fences;
- (3) Fixtures, including outdoor fixtures;
- (4) Retaining walls, whether or not attached;
- (5) Permanently attached:
  - (a) Machinery; and
  - (b) Equipment;
- (6) Outdoor swimming pools;
- (7) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings;
  - (d) Lobby and hallway furnishings;
  - (e) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(f) Lawn maintenance and snow removal equipment; and

(g) Alarm systems; and

##### (8) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure; and

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

##### b. Business Personal Property located in or on the buildings described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, including:

- (1) Property owned by you and used in your business;
- (2) Property of others that is in your care, custody or control;
- (3) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you rent, lease or occupy but do not own; and
  - (b) You acquired or made at your expense but are not permitted to remove; and
- (4) "Money" and "Securities".

#### 2. Property Not Covered

Unless the following is added by endorsement to this Coverage Form, Covered Property does not include:



## BUSINESSOWNERS

- a. Aircraft;
- b. Automobiles held for sale;
- c. Vehicles or self-propelled machines that are:
  - (1) Licensed for use on public roads; or
  - (2) Operated principally away from the described premises;

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Trailers or semi-trailers, except as provided in the Non-Owned Detached Trailers Coverage Extension.
- d. Dams or dikes;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavating, grading, backfilling or filling (except those costs made necessary due to repair of buildings insured under this Coverage Form from a Covered Cause of Loss), reclaiming or restoring land or water;
- g. Water or land whether in its natural state or otherwise (including land on which the property is located), land improvements, growing crops or standing timber;
- h. Outdoor trees, shrubs, plants and lawns, other than "stock" except as provided in the Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension.
- i. The following property while outside of the buildings:
  - (1) Bridges, walks, roadways, patios or other paved surfaces; or
  - (2) Outdoor radio or television antennas, (including satellite dishes) and including their lead-in wiring, masts or towers;
 except as provided in the Outdoor Property Coverage Extension;
- j. Watercraft (including motors, equipment and accessories) while afloat;
- k. Accounts and bills, except as provided in the Accounts Receivable Coverage Extension;

- l. "Valuable Papers and Records", except as provided in the Valuable Papers and Records Coverage Extension;
- m. Property that is covered under another Coverage Form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- n. "Fine Arts" except as provided in the Fine Arts Additional Coverage;
- o. Bullion, gold, silver, platinum and other precious alloys or metals, except if they are used in your "operations" (theft limitation applies);
- p. "Electronic Data Processing Equipment" (not including "stock") except as provided in the Electronic Data Processing Coverage Extension;
- q. "Electronic Data Processing Data and Media" (not including "stock") except as provided in the Electronic Data Processing Coverage Extension or in the Accounts Receivable Coverage Extension; or
- r. Outdoor signs, except as provided in the Signs Coverage Extension.

### 3. Business Income and Extra Expense

Business Income and Extra Expense is provided at the premises described in the Declarations when the Declarations show that you have coverage for Business Income and Extra Expense.

#### a. Business Income

##### (1) Business Income means:

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred, including:
  - (i) "Rental Value"; and
  - (ii) "Maintenance Fees", if you are a condominium association; and
- (b) Continuing normal operating expenses incurred, including payroll.

- (2) We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be

caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

- (3) With respect to the requirements set forth in Paragraph (2) above, if you rent, lease or occupy only part of the site at which the described premises are located, the described premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

**b. Extra Expense**

- (1) Extra Expense means reasonable and necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to property caused by or resulting from a Covered Cause of Loss.
- (2) We will pay Extra Expense (other than the expense to repair or replace property) to:
  - (a) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations; or
  - (b) Minimize the "suspension" of business if you cannot continue "operations".
- (3) We will also pay Extra Expense (including Expediting Expenses) to repair or replace the property, but only

to the extent it reduces the amount of loss that otherwise would have been payable under Paragraph a. Business Income, above.

**c. Extended Business Income**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under Paragraph a. Business Income above, we will also pay for the actual loss of Business Income you sustain during the period that:

- (1) Begins on the date property is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (2) Ends on the earlier of:
  - (a) The date you could restore your "operations" with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage occurred; or
  - (b) Sixty consecutive days after the date determined in Paragraph (1) above.

However, this extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

**d. If the Declarations show for Business Income and Extra Expense:**

- (1) Actual loss for 12 consecutive months, then we will pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months following the date of direct physical loss or damage; or
- (2) Actual loss up to 12 consecutive months subject to a maximum dollar limit, then we will pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months following the date of direct physical loss or damage, subject to the limit shown in any one occurrence.

**4. Covered Causes of Loss**

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:



## BUSINESSOWNERS

- a. Limited in Paragraph A.5., Limitations; or
- b. Excluded in Paragraph B., Exclusions.

## 5. Limitations

- a. We will not pay for loss of or damage to:

- (1) The "interior of any building or structure" or to personal property in the building or structure, caused by rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- (2) Steam boilers, steam pipes, steam engines, or steam turbines, caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- (3) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than explosion.

- b. We will not pay for loss of or damage to the following types of property unless caused by any of the "specified causes of loss" or building glass breakage:

- (1) Live animals, birds or fish, and then only if they are killed or their destruction is made necessary.

- (2) Fragile articles such as glassware, statuary, marbles, chinaware and porcelains; if broken. This limitation does not apply to:

- (a) Glass that is part of the exterior or interior of a building or structure;

- (b) Containers of property held for sale; or

- (c) Photographic or scientific instrument lenses.

- c. For loss or damage by "theft", the most we will pay in any one occurrence for the following types of property is:

- (1) \$2,500 for all furs, fur garments and garments trimmed with fur.

- (2) \$5,000 for all jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item.

- (3) \$2,500 for all patterns, dies, molds and forms.

- d. We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss, if the building where loss or damage occurs has been "vacant" for more than 60 consecutive days before that loss or damage occurs:

- (1) Vandalism;

- (2) Sprinkler Leakage, unless you have protected the system against freezing;

- (3) Building glass breakage;

- (4) Discharge or leakage of water;

- (5) "Theft"; or

- (6) Attempted "theft".

With respect to Covered Causes of Loss other than those listed in Paragraphs (1) through (6) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

- e. Coverage for Business Income and Extra Expense does not apply to any loss or increase in loss caused by direct physical loss of or damage to "Electronic Data Processing Data and Media", except as provided in the Interruption of Computer Operations Coverage Extension.

## 6. Additional Coverages

Unless otherwise stated, payments made under the following Additional Coverages are in addition to the applicable Limits of Insurance.



**a. Arson and Theft Reward**

- (1) We will pay for reasonable expenses you incur for rewards that lead to:
  - (a) An arson conviction in connection with a covered fire or explosion loss, or
  - (b) A "theft" conviction in connection with a covered "theft" loss.
- (2) The most we will pay under this Additional Coverage in connection with a particular loss is \$5,000.

**b. Claim Data Expense**

- (1) We will pay the reasonable expenses you incur in preparing claim data when we require such data to show the extent of loss. This includes the cost of taking inventories, making appraisals, preparing income statements, and preparing other documentation.
- (2) Under this Additional Coverage, we will not pay for:
  - (a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
  - (b) Any costs in connection with Paragraph E.2., Appraisal; or
  - (c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
- (3) The most we will pay for preparation of claim data under this Additional Coverage in any one occurrence is \$5,000 regardless of the number of premises involved.

**c. Debris Removal**

- (1) We will pay your expense to remove debris of Covered Property, other than outdoor trees, shrubs, plants and lawns as described in the Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension, caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writ-

ing within 180 days of the date of direct physical loss or damage.

- (2) Debris Removal does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

- (3) Except as provided in Paragraph (4) below, payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
- (b) The deductible in this Coverage Form applicable to that loss or damage.

- (4) When the debris removal expense exceeds the 25% limitation in Paragraph (3) above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to an additional \$25,000 for debris removal expense in any one occurrence, at each described premises.

**d. Employee Dishonesty**

- (1) We will pay for loss of or damage to Covered Property resulting directly from "employee dishonesty".

We will pay for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates year to year or period to period.

- (2) Paragraphs B.2.h. and B.2.o. do not apply to this Additional Coverage.
- (3) We will not pay for loss resulting from the dishonest acts of any "employee" if coverage for that "employee" was either cancelled or excluded from any previous insurance policy of yours



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providing "employee dishonesty" coverage.

- (4) This Additional Coverage is cancelled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee",

of any fraudulent dishonest act committed by that "employee" before or after being employed by you.

- (5) We will pay for covered loss or damage only if discovered no later than one year from the end of the Policy Period.

- (6) The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$25,000.

- (7) With respect to this Additional Coverage, occurrence means all loss or damage caused by or involving the same "employee(s)" whether the result of a single act or series of acts.

- (8) If, during the period of any prior "Employee Dishonesty" insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage, subject to the following:

(a) This insurance became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this insurance had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- (9) The insurance provided under Paragraph (8) above is part of, not in addition to the Limit of Insurance described in Paragraph (6) above and is limited to the lesser of the amount recoverable under:

(a) This Additional Coverage, as of its effective date; or

(b) The prior "Employee Dishonesty" insurance, had it remained in effect.

**e. Expediting Expenses**

- (1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent replacement, at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

- (2) With respect to this Additional Coverage; "breakdown" to "covered equipment" will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Coverage Form.

- (3) The most we will pay under this Additional Coverage in any one occurrence is \$25,000, regardless of the number of premises involved.

**f. Fine Arts**

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for direct physical loss of or damage to "fine arts" which are owned by:

(a) You; or

(b) Others and in your care, custody, or control;

caused by or resulting from a Covered Cause of Loss, including while on exhibit, anywhere within the Coverage Territory.

- (2) The breakage limitation under Paragraph A.5.b.(2) does not apply to this Additional Coverage.

**(3) The following exclusions apply to this Additional Coverage:**

- (a) We will not pay for loss or damage caused by or resulting from wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, birds, rodents or other animals;
- (b) We will not pay for loss or damage caused by or resulting from dampness or dryness of atmosphere, or changes in or extremes of temperature;
- (c) We will not pay for loss or damage caused by or resulting from any repairing, restoration or re-touching process;
- (d) We will not pay for loss or damage caused by or resulting from faulty packing;
- (e) Paragraph B.1.b. Earth Movement;
- (f) Paragraph B.1.c. Governmental Action;
- (g) Paragraph B.1.d. Nuclear Hazard;
- (h) Paragraph B.1.f. War and Military Action;
- (i) Paragraph B.1.g. Water;
- (j) Paragraph B.1.h. Neglect; and
- (k) Paragraph B.2.g.

No other exclusions in Paragraph B. Exclusions apply to this Additional Coverage. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Additional Coverage.

- (4) The most we pay for loss or damage under this Additional Coverage in any one occurrence is \$25,000, or the amount shown in the Declarations for "fine arts", whichever is greater. This limit applies regardless of the number of premises involved.**

**g. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 in any one occurrence for your

liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

**h. Fire Protective Equipment Discharge**

- (1) If fire protective equipment discharges accidentally or to control a Covered Cause of Loss we will pay your cost to:
  - (a) Refill or recharge the system with the extinguishing agents that were discharged; and
  - (b) Replace or repair faulty valves or controls which caused the discharge.
- (2) The most we will pay under this Additional Coverage in any one occurrence is \$10,000, regardless of the number of premises involved.

**i. Forgery or Alteration**

- (1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in money that are made or drawn by or drawn upon you, or made or drawn by one acting as an agent or purported to have been so made or drawn.

We will consider signatures that are produced or reproduced electronically, mechanically or by facsimile the same as handwritten signatures.

We will pay for loss that you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- (2) We will not pay for loss resulting from any dishonest or criminal acts committed by you or any of your partners, "employees", "members", "managers", officers, directors or trustees whether acting alone or in collusion with other persons.

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- (3) We will pay for covered loss discovered no later than one year from the end of the Policy Period.
- (4) The most we will pay for loss under this Additional Coverage in any one occurrence is \$25,000, regardless of the number of premises involved.
- (5) With respect to this Additional Coverage, occurrence means all loss caused by any person, or in which that person is concerned or implicated, either resulting from a single act or any number of such acts, whether the loss involves one or more instruments.
- (6) If, during the period of any prior Forgery or Alteration insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage provided:
  - (a) This insurance became effective at the time of cancellation or termination of the prior insurance; and
  - (b) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- (7) The insurance provided under Paragraph (6) above is part of, and not in addition to the limit described in Paragraph (4) above and is limited to the lesser of the amount recoverable under:
  - (a) This Additional Coverage up to the applicable Limit of Insurance under this Coverage Form, as of its effective date; or
  - (b) The prior Forgery or Alteration insurance, had it remained in effect.
- (8) If you are sued for refusing to pay any covered instrument described in Paragraph (1) above on the basis that it has been forged or altered, and you have our written consent to de-

fend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay for these legal expenses will be part of and not in addition to the limit described in Paragraph (4) above.

**j. Newly Acquired or Constructed Property**

**(1) Buildings**

(a) We will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:

**(i) Your:**

- a) New buildings while being built on a premises shown in the Declarations;
- b) New buildings while being built on newly acquired premises; and
- c) Materials, equipment, supplies and temporary structures used in connection with such buildings while they are being built; or

**(ii) Buildings you acquire by purchase or lease at any premises, including those premises shown in the Declarations.**

(b) The most we will pay for loss of or damage to newly constructed buildings or newly acquired buildings under this Additional Coverage in any one occurrence is \$500,000 at each premises.

**(2) Business Personal Property**

(a) When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:

- (i) Business Personal Property, including such property that you newly acquire, at a build-

ing you acquire by purchase or lease at any premises, including those premises shown in the Declarations; and

- (ii) Business Personal Property that you newly acquire at a described premises.
- (b) The most we will pay for loss of or damage to Business Personal Property under this Additional Coverage in any one occurrence is \$250,000 at each premises.

### (3) Period Of Coverage

- (a) With respect to insurance under this Additional Coverage, coverage will end when any of the following first occurs:
  - (i) This policy expires;
  - (ii) 180 days expire after you acquire the property or begin to construct the property;
  - (iii) You report values to us; or
  - (iv) The property is more specifically insured.
- (b) We will charge you additional premium for values reported to us from the date construction begins or you acquire the property.

### k. Ordinance or Law

- (1) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay for:
  - (a) Loss in value of the undamaged portion of the building as a consequence of enforcement of the minimum requirements of any ordinance or law that requires the demolition of undamaged parts of the same building;
  - (b) Demolition cost, meaning the cost to demolish and clear the site of undamaged parts of the same building as a consequence of enforcement of the minimum requirements of any ordinance or law that required demolition of such undamaged property; and
  - (c) The increased cost of construction, meaning the increased cost to repair, rebuild or construct the

property as a consequence of enforcement of the minimum requirements of any ordinance or law. This increased cost of construction coverage applies only if:

- (i) The building is insured for replacement cost;
  - (ii) The building is repaired, rebuilt or reconstructed; and
  - (iii) The repaired, rebuilt or reconstructed building is intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.
- (2) The ordinance or law referred to in this Additional Coverage is an ordinance or Law that:
    - (a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
    - (b) Is in force at the time of the loss.
  - (3) We will not pay under this Additional Coverage for:
    - (a) Loss due to any ordinance or law that:
      - (i) You were required to comply with before the loss, even if the building was undamaged; and
      - (ii) You failed to comply with; or
    - (b) Costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
  - (4) Paragraph B.1.a. does not apply to this Additional Coverage.
  - (5) Subject to the limit described in Paragraph (6) below:
    - (a) The insurance provided under this Additional Coverage for loss in value to the undamaged portion of the building is limited as follows:





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- (i) If Replacement Cost Coverage applies and the building is repaired or replaced on the same or another premises, we will not pay more than the lesser of:
    - a) The amount you actually spend to repair, rebuild or reconstruct the undamaged portion of the building; or
    - b) The amount it would cost to restore the undamaged portion of the building on the same premises and to the same height, floor area, style and comparable quality of the original undamaged portion of the building; or
  - (ii) If Replacement Cost Coverage applies and the building is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the actual cash value of the undamaged portion of the building at the time of loss.
  - (b) We will not pay more for demolition costs than the amount you actually spend to demolish and clear the site of the described premises.
  - (c) The insurance provided under this Additional Coverage for increased cost of construction is limited as follows:
    - (i) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay is the increased cost of construction at the same premises; or
    - (ii) If the ordinance or law requires relocation to another premises, the most we will pay is the increased cost of construction at the new premises.
  - (6) The most we will pay for loss under this Additional Coverage for the total of all coverages described in Paragraph (1) above in any one occurrence is \$25,000 at each described premises.
- I. Outdoor Trees, Shrubs, Plants and Lawns**
- (1) We will pay for direct physical loss of or damage to outdoor trees, shrubs, plants (other than "stock" of trees, shrubs or plants) and lawns located at the described premises caused by or resulting from a Covered Cause of Loss.
  - (2) The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$3,000 at each described premises.
  - (3) Debris removal, because of covered loss or damage to outdoor trees, shrubs, plants and lawns, is included within the limits described in Paragraph (2) above.
- m. Pollutant Cleanup and Removal**
- (1) We will pay your necessary and reasonable expense to extract "pollutants" from land or water at the described premises, if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" which occurs:
    - (a) At the described premises;
    - (b) To Covered Property; and
    - (c) During the policy period.
  - (2) The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the "specified cause of loss" occurs.
  - (3) This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.
  - (4) The most we will pay under this Additional Coverage is \$25,000 for the sum of all covered expenses arising

out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy. This amount applies regardless of the number of premises involved.

**n. Preservation of Property**

(1) If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for:

(a) Any direct physical loss of or damage to such property while:

(i) Being moved; or

(ii) Temporarily stored at another location only if the loss or damage occurs within 90 days after the property is first moved; and

(b) The costs incurred to:

(i) Remove such property from the described premises; and

(ii) Return such property to the described premises.

(2) Coverage under this Additional Coverage will end when any of the following first occurs:

(a) When the policy is amended to provide insurance at the new location;

(b) The property is returned to the original described premises;

(c) 90 days expire after the property is first moved; or

(d) This policy expires.

(3) Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

**o. Temporary Relocation of Property**

(1) If Covered Property is removed from the described premises and stored temporarily at a location you own, lease or operate while the described premises is being renovated or remodeled, we will pay for direct physical loss of or damage to that stored property:

(a) Caused by or resulting from a Covered Cause of Loss;

(b) Up to \$50,000 at each temporary location in any one occurrence; and

(c) During the storage period of up to 90 consecutive days but not beyond expiration of this policy.

(2) This Additional Coverage does not apply if the stored property is more specifically insured.

**p. Water Damage, Other Liquids, Powder or Molten Material Damage**

(1) If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

(2) We will not pay the cost to repair any defect to a system or appliance from which the water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

(a) Results in discharge of any substance from an automatic fire protection system; or

(b) Is directly caused by freezing.

(3) Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

**7. Coverage Extensions**

Unless otherwise stated, payments made under the following Coverage Extensions are subject to and not in addition to the applicable Limits of Insurance.

**a. Accounts Receivable**

(1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to loss, as described in Paragraph (2) below, due to direct physical loss of or damage to your



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records of accounts receivable (including those on electronic data processing media) caused by or resulting from a Covered Cause of Loss. Credit card company media will be considered accounts receivable until delivered to the credit card company.

(2) We will pay for:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

(3) The following exclusions apply to this Coverage Extension:

- (a) We will not pay for loss caused by or resulting from bookkeeping, accounting or billing errors or omissions;
- (b) We will not pay for loss that requires an audit of records or any inventory computation to prove its factual existence;
- (c) We will not pay for loss caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. But this exclusion applies only to the extent of the wrongful giving, taking or withholding;
- (d) Paragraph B.1.b. Earth Movement;
- (e) Paragraph B.1.c. Governmental Action;
- (f) Paragraph B.1.d. Nuclear Hazard;

(g) Paragraph B.1.f. War and Military Action;

(h) Paragraph B.1.g. Water;

(i) Paragraph B.1.h. Neglect; and

(j) Paragraph B.2.g.

No other exclusions in Paragraph B. Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

(4) The most we will pay under this Coverage Extension for loss of or damage to records of accounts receivable in any one occurrence while in transit or at a premises other than the described premises is \$25,000.

(5) The most we will pay under this Coverage Extension for loss of or damage to records of accounts receivable in any one occurrence at each described premises is \$25,000 or the amount shown in the Declarations for Accounts Receivable, whichever is greater.

(6) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**b. Appurtenant Buildings and Structures**

(1) When a Limit of Insurance is shown in the Declarations for Building at the described premises, you may extend that insurance to apply to direct physical loss of or damage to incidental appurtenant buildings or structures, within 1,000 feet of that described premises, caused by or resulting from a Covered Cause of Loss.

(2) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to Business Personal Property within incidental appurtenant buildings or structures within 1,000 feet of that described premises, caused by or resulting from a Covered Cause of Loss.



- (3) Incidental appurtenant buildings or structures include:

- (a) Storage buildings;
- (b) Carports;
- (c) Garages;
- (d) Pump houses; or
- (e) Above ground tanks;

which have not been specifically described in the Declarations.

- (4) The most we will pay for loss or damage under this Coverage Extension in any one occurrence for any combination of loss of or damage to Building and Business Personal Property is \$50,000, regardless of the number of described premises involved.

- (5) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**c. Building Glass**

- (1) If:

- (a) You are the building owner; and
- (b) A Limit of Insurance is shown in the Declarations for Building at the described premises;

you may extend that insurance to apply to direct physical loss of or damage to all exterior and interior building glass caused by or resulting from a Covered Cause of Loss, including glass breakage and damage to glass by chemicals accidentally or maliciously applied to glass.

- (2) If:

- (a) You are a tenant;
- (b) A Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises; and
- (c) You are contractually obligated to repair or replace building glass at the described premises;

you may extend that insurance to apply to direct physical loss of or damage to all exterior and interior building glass caused by or resulting from a Covered Cause of Loss, including glass breakage and damage to glass

by chemicals accidentally or maliciously applied to glass.

- (3) We will also pay for necessary expenses in connection with loss or damage covered in Paragraphs (1) or (2) above, incurred by you to:

- (a) Put up temporary plates or board up openings;
- (b) Repair or replace encasing frames; and
- (c) Remove or replace obstructions.

- (4) The following exclusions apply to this Coverage Extension:

- (a) We will not pay for loss or damage caused by or resulting from:

- (i) Wear and tear;
- (ii) Hidden or latent defect;
- (iii) Corrosion; or
- (iv) Rust;

- (b) Paragraph B.1.b. Earth Movement;

- (c) Paragraph B.1.c. Governmental Action;

- (d) Paragraph B.1.d. Nuclear Hazard;

- (e) Paragraph B.1.f. War and Military Action; and

- (f) Paragraph B.1.g. Water.

No other exclusions in Paragraph B. Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

**d. Business Income and Extra Expense From Dependent Property**

- (1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur due to the "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage at the premises of a Dependent Property, caused

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by or resulting from a Covered Cause of Loss.

(2) **Dependent Property** means property operated by others whom you depend on to:

(a) Deliver materials or services (other than "water supply services", "communication supply services" or "power supply services") to you, or to others for your account (Contributing Locations);

(b) Accept your products or services (Recipient Locations);

(c) Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or

(d) Attract customers to your business (Leader Locations).

(3) With respect to this Coverage Extension, the "period of restoration":

(a) Begins 24 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the Dependent Property;

(b) Ends on the date when the property at the premises of the Dependent Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; and

(c) Does not include any increased period required due to the enforcement of any ordinance or law that:

(i) Regulates the construction, use or repair, or requires the tearing down of any property; or

(ii) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(4) **This Coverage Extension:**

(a) Applies to Dependent Property premises located within the Coverage Territory; and

(b) Does not apply when you have more specific insurance under any other policy.

(5) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations" in whole or in part, by using any other available:

(a) Source of materials; or

(b) Outlet for your products.

(6) The most we will pay for Business Income and Extra Expense under this Coverage Extension in any one occurrence is \$10,000, regardless of the number of described premises or number of Dependent Properties involved.

(7) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**e. Business Income and Extra Expense – Newly Acquired Premises**

(1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur due to the "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage caused by or resulting from a Covered Cause of Loss at any premises you newly acquire by purchase or lease (other than at fairs, trade shows or exhibitions).

(2) The most we will pay under this Coverage Extension for the sum of Business Income and Extra Expense you incur in any one occurrence is \$250,000 at each newly acquired premises.

(3) Insurance under this Coverage Extension for each newly acquired

premises will end when any of the following first occurs:

- (a) This policy expires;
- (b) 90 days expire after you acquire that premises;
- (c) You report that premises to us; or
- (d) The Business Income or Extra Expense is more specifically insured.

We will charge you additional premium for premises reported from the date you acquire that premises.

- (4) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**f. Business Personal Property Off Premises**

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to such property caused by or resulting from a Covered Cause of Loss while:

- (a) In the course of transit to or from the described premises; or
- (b) Temporarily away from the described premises, and:
  - (i) At a premises you do not own, lease or operate; or
  - (ii) At any fair, trade show or exhibition at a premises you do not own or regularly occupy.

- (2) This Coverage Extension does not apply to property:

- (a) While in the custody of the United States Postal Service;
- (b) Rented or leased to others;
- (c) After delivery to customers;
- (d) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition;
- (e) Temporarily at a premises for more than 60 consecutive days, except "money" and "securities" at a "banking premises";

- (f) Otherwise covered under the Fine Arts Additional Coverage; or

- (g) Otherwise covered under the following Coverage Extensions:

- (i) Accounts Receivable;
- (ii) Electronic Data Processing;
- (iii) Personal Effects; or
- (iv) Valuable Papers and Records.

**g. Civil Authority**

- (1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises. The civil authority action must be due to direct physical loss of or damage to property at locations, other than described premises, that are within 100 miles of the described premises, caused by or resulting from a Covered Cause of Loss.
- (2) The coverage for Business Income will begin 24 hours after the time of that action and will apply for a period of three consecutive weeks after coverage begins.
- (3) The coverage for Extra Expense will begin immediately after the time of that action and will end when your Business Income coverage ends for this Coverage Extension.

**h. Electronic Data Processing**

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media", caused by or resulting from a Covered Cause of Loss.
- (2) Worldwide coverage is provided under this Coverage Extension. The coverage territory as described in



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Paragraph F.8.b. does not apply to this Coverage Extension.

- (3) This Coverage Extension does not apply to:

- (a) "Stock"; or
- (b) Property that is leased or rented to others.

- (4) The following exclusions as described in Paragraph B. Exclusions do not apply to this Coverage Extension:

- (a) Paragraph 1.e. Utility Services;
- (b) Paragraph 2.a.; or
- (c) Paragraph 2.d.(6).

- (5) The following additional exclusions apply to this Coverage Extension:

- (a) We will not pay for loss or damage caused by or resulting from any of the following:

- (i) Programming errors, omissions or incorrect instructions to a machine. But if programming errors, omissions or incorrect instructions to a machine results in a "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment", we will pay for the loss or damage caused by that "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment";

- (ii) Unauthorized viewing, copying or use of "Electronic Data Processing Data and Media" (or any proprietary or confidential information or intellectual property) by any person, even if such activity is characterized as "theft";

- (iii) Errors or deficiency in design, installation, maintenance, repair or modification of your computer systems or any computer system or network to which your system is connected or on which your system depends (including electronic data). But if errors or

deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including electronic data) results in a "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment", we will pay for the loss or damage caused by that "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment";

- (iv) Unexplained or indeterminate failure, malfunction or slowdown of a computer system, including "Electronic Data Processing Data and Media" or the inability to access or properly manipulate "Electronic Data Processing Data and Media"; or

- (v) "Electronic Vandalism" except as provided in Paragraph (9) below.

- (6) The most we will pay under this Coverage Extension for loss of or damage to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media", while in transit or at a premises other than the described premises, in any one occurrence, is \$25,000.

- (7) The most we will pay under this Coverage Extension for loss of or damage to duplicates of your "Electronic Data Processing Data and Media" while stored at a separate premises from where your original "Electronic Data Processing Data and Media" are kept, in any one occurrence, is \$25,000.

- (8) The most we will pay under this Coverage Extension for loss or damage to "Electronic Data Processing Equipment", including such property you newly acquire in any one occurrence is \$25,000 at each newly acquired premises. With respect to insurance

under this Coverage Extension on newly acquired "Electronic Data Processing Equipment", coverage will end when any of the following first occurs:

- (a) This policy expires;
  - (b) 180 days expire after you acquire the "Electronic Data Processing Equipment"; or
  - (c) You report values to us.
- (9) The most we will pay under this Coverage Extension for loss of or damage to "Electronic Data Processing Data and Media" caused by or resulting from "electronic vandalism", in any one occurrence is \$25,000, regardless of the number of the number of premises involved. Such limit also applies to any otherwise covered loss of Business Income or Extra Expense.

- (10) The most we will pay under this Coverage Extension for loss of or damage to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media", at the described premises, in any one occurrence, is the Limit of Insurance shown in the Declarations for Business Personal Property at such premises or \$50,000, whichever is less.

#### i. Equipment Breakdown

- (1) When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to Covered Property at the described premises caused by or resulting from a "breakdown" to "covered equipment".

With respect to otherwise covered Business Income and Extra Expense, "breakdown" to "covered equipment" will be considered a Covered Cause of Loss.

If an initial "breakdown" causes other "breakdowns", all will be considered one "breakdown". All "breakdowns" that manifest themselves at the same

time and are the result of the same cause will also be considered one "breakdown".

- (2) Under this Coverage Extension, the following coverages also apply:

#### (a) Expediting Expenses

- (i) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment", we will pay for the reasonable additional expenses you necessarily incur to make temporary repairs to, or expedite the permanent repair or replacement of, the lost or damaged Covered Property.
- (ii) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (iii) The most we will pay under this Coverage Extension for all Expediting Expenses arising out of any one "breakdown" is \$25,000. This limit is part of and not in addition to the Limit of Insurance that applies to lost or damaged Covered Property.

#### (b) "Pollutants"

- (i) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment", we will pay for the additional cost to repair or replace Covered Property because of contamination by "pollutants". This includes the additional expenses to clean up or dispose of such property. Additional costs mean those beyond what would have been required had no "pollutants" been involved.
- (ii) The most we will pay under this Coverage Extension for loss or damage to Covered Property caused by contamination by "pollutants" arising



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out of any one "breakdown" is \$25,000. This limit is subject to and not in addition to the Limit of Insurance that applies to lost or damaged Covered Property.

**(c) Service Interruption**

When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to loss caused by or resulting from a "breakdown" to equipment that is owned, operated or controlled by a local public or private utility or distributor that directly generates, transmits, distributes or provides the following utility services:

(i) "Water Supply Services";

(ii) "Communication Supply Services"; or

(iii) "Power Supply Services".

(3) We will not pay under this Coverage Extension for loss or damage caused by or resulting from any of the following tests:

(a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or

(b) An insulation breakdown test of any type of electrical equipment.

(4) We will not pay under this Coverage Extension for loss or damage caused by or resulting from a change in:

(a) Temperature; or

(b) Humidity;

as a consequence of "breakdown" to "covered equipment".

(5) The following limitations in Paragraph A.5. do not apply to this Coverage Extension:

(a) Paragraph a.(2); and

(b) Paragraph a.(3).

(6) The following exclusions in Paragraph B. Exclusions do not apply to this Coverage Extension:

(a) Paragraph 2.a.;

(b) Paragraph 2.d.(6); and

**(c) Paragraph 2.e.**

(7) With respect to this Coverage Extension, the following condition is added to Paragraph F. Commercial Property Conditions:

**Suspension**

If any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance provided by this Coverage Form for loss or damage caused by or resulting from a "breakdown" to that "covered equipment". This can be done by delivering or mailing a notice of suspension to:

1. Your last known address; or

2. The address where the "covered equipment" is located.

Once suspended in this way, such insurance can only be reinstated by a written endorsement issued by us. If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

(8) The most we will pay under this Coverage Extension for all direct physical loss of or damage to:

(a) "Diagnostic Equipment";

(b) "Power Generating Equipment"; or

(c) "Production Equipment";

caused by or resulting from a "breakdown" to "covered equipment" in any one occurrence is \$100,000.

**j. Interruption of Computer Operations**

(1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to a "suspension" of "operations" caused by an interruption of computer operations due to direct physical loss of or damage to "Electronic Data Processing Data and Media" at the described premises caused by or resulting from a Covered Cause of Loss.

(2) The most we will pay under this Coverage Extension is \$25,000 for the sum of all covered interruptions arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy.

(3) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**k. Money Orders and Counterfeit Paper Currency**

When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to loss due to the good faith acceptance of:

(1) Any U.S. or Canadian post office or express money order, issued or purporting to have been issued by any post office or express company, if the money order is not paid upon presentation; or

(2) Counterfeit United States or Canadian paper currency;

in exchange for merchandise, "money" or services or as part of a normal business transaction.

**l. Non-Owned Detached Trailers**

(1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to trailers or semi-trailers that you do not own, provided that:

(a) The trailer or semi-trailer is used in your business;

(b) The trailer or semi-trailer is in your care, custody or control at the described premises; and

(c) You have a contractual responsibility to pay for loss of or damage to the trailer or semi-trailer.

(2) We will not pay for loss or damage that occurs:

(a) While the trailer or semi-trailer is attached to any motor vehicle or motorized conveyance, whether

or not the motor vehicle or motorized conveyance is in motion; or

(b) During hitching or unhitching operations, or when a trailer or semi-trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$5,000 regardless of the number of described premises, trailers or semi-trailers involved.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**m. Ordinance or Law - Increased Period of Restoration**

(1) When:

(a) A Covered Cause of Loss occurs to property at the described premises; and

(b) The Declarations show that you have coverage for Business Income and Extra Expense;

you may extend that insurance to apply to the amount of actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

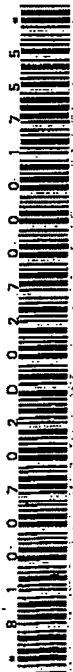
(a) Regulates the construction, repair or replacement of any property;

(b) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

(2) This Coverage Extension applies only to the period that would be required, with reasonable speed, to reconstruct, repair or replace the property to comply with the minimum requirements of the ordinance or law.

(3) This Coverage Extension does not apply to:



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(a) Loss due to an ordinance or law that:

(i) You were required to comply with before the loss, even if the property was undamaged; and

(ii) You failed to comply with; or

(b) Costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(4) Paragraph B.1.a., does not apply to this Coverage Extension.

(5) The most we will pay for loss under this Coverage Extension in any one occurrence is \$25,000 at each described premises.

(6) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**n. Outdoor Property**

(1) When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to the following types of outdoor property at that described premises caused by or resulting from a Covered Cause of Loss:

(a) Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers; or

(b) Bridges, walks, roadways, patios and other paved surfaces.

(2) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$10,000 at each described premises.

**o. Personal Effects**

(1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance

to apply to direct physical loss of or damage to personal effects owned by:

(a) You; or

(b) Your officers, partners, "members", "managers", "employees", directors or trustees;

caused by or resulting from a Covered Cause of Loss.

(2) Such property must be located at a described premises.

(3) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$25,000 at each described premises.

(4) Payments under this Coverage Extension are in addition to the applicable Limits of Insurance.

**p. Signs**

(1) If:

(a) You are the building owner; and

(b) A Limit of Insurance is shown in the Declarations for Building;

at the described premises, you may extend that insurance to apply to direct physical loss of or damage to outdoor signs attached to the building, or on or within 1,000 feet of the described premises, caused by or resulting from a Covered Cause of Loss.

(2) If:

(a) You are a tenant;

(b) A Limit of Insurance is shown in the Declarations for Business Personal Property; and

(c) You own or are contractually obligated to repair or replace outdoor signs;

at the described premises, you may extend that insurance to apply to direct physical loss of or damage to outdoor signs attached to the building, or on or within 1,000 feet of the described premises, caused by or resulting from a Covered Cause of Loss.